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NOV 2, 2017 @ 08:50 AM

47,433 👁

# Cryptocurrency Exchanges Officially Dead In China

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*Chinese cryptocurrency exchanges have breathed their last breath. (Shutterstock)*

Wednesday marked the last day for the ubiquitous Chinese cryptocurrency exchange. The ban, which was announced in September, finally shuttered its last exchange and made it illegal for Chinese mainlanders to exchange digital money unless they operate offshore. Which is precisely where it is all heading.

Huobi, one of the top three Bitcoin trading platforms, stopped all bitcoin trading in mainland China and have moved to Singapore, Hong Kong, and South Korea.

Shanghai-based BTCC stopped trading and said it will charge users a service fee to withdraw existing funds by Friday.

Bitcoin is one of the hundreds of cryptocurrencies that have become all the rage in just the last two years. A number of professional investment firms, from Hong Kong hedge funds to wealthy family offices, have been investing in these new digital securities, often created out of thin air and used to fund new start-ups. Bitcoin is the most popular. The Chinese penchant for gambling set Beijing monetary policymakers off this summer to shut down exchanges and initial coin offerings, the main funding mechanism for tech start-ups losing to raise what some say is fake capital. Regardless, hundreds of millions of dollars have been raised in the ICO market, which was also banned, and many of those Chinese investors are either buying cryptocurrencies in offshore accounts or investing directly in start-ups by purchasing the tokens they issue in those ICOs.

**See: [China's Bitcoin Ban No Match For Stateless Blockchain -- Forbes](#)**

**[The Battle For The Soul Of Bitcoin -- Forbes](#)**

The crypto market is not afraid of China one bit.

"None of the exchanges previously based in China ceased business. They simply moved their servers abroad," says Scott Freeman, CEO of C2CX, a digital assets exchange registered in Luxembourg but what designed for the Chinese market. "The only change is that for the moment the funds will move in and out of local currency via P2P transactions instead of via direct deposit. From a regulatory perspective this is an inferior solution because it's much harder to prevent money laundering."

Stopping criminal activity, including tax evasion, is always one of the reasons why countries move to diminish or shutdown exchanges.

The decentralized nature of the cryptocurrency world makes it hard to control.

When the government announced the ban, bitcoin prices fell to \$3,300 after hitting nearly \$5,000 for one bitcoin. Today, one bitcoin costs \$6,700. If you bought one hundred bitcoin in October 2012 for \$10.26 each, you would now have \$672,000 worth of bitcoin.

China's regulators said it was not giving up on blockchain technologies, which ironically is used today primarily as a ledger for recording transactions in cryptocurrencies.

On Tuesday, [the CME Group](#), the world's largest derivatives exchange operators, [said](#) they would launch a bitcoin futures contract this year, pending regulatory approval. If so, the U.S. would have taken the lead in the cryptocurrency investing world.

***To hear from the thought leaders in the blockchain world, tune into the Forbes podcast [Unchained](#), hosted by Forbes senior editor and reporter Laura Shin.***

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